

UNEMPLOYMENT IN INDIA

ITS CAUSES AND CURE

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PREFACE TO THE SECOND EDITION

COPIES of the Address on "Unemployment in India" having been exhausted, this reprint of the same is being issued at the request of the Publishers to meet an existent demand.

Bangalore, }
22nd May, 1935. }

M. V.

PREFACE TO THE FIRST EDITION

AN address which was delivered before the University Union, Bangalore, on September 8, 1932, is reproduced here in book form in response to a number of requests that it should be made available to the general public.

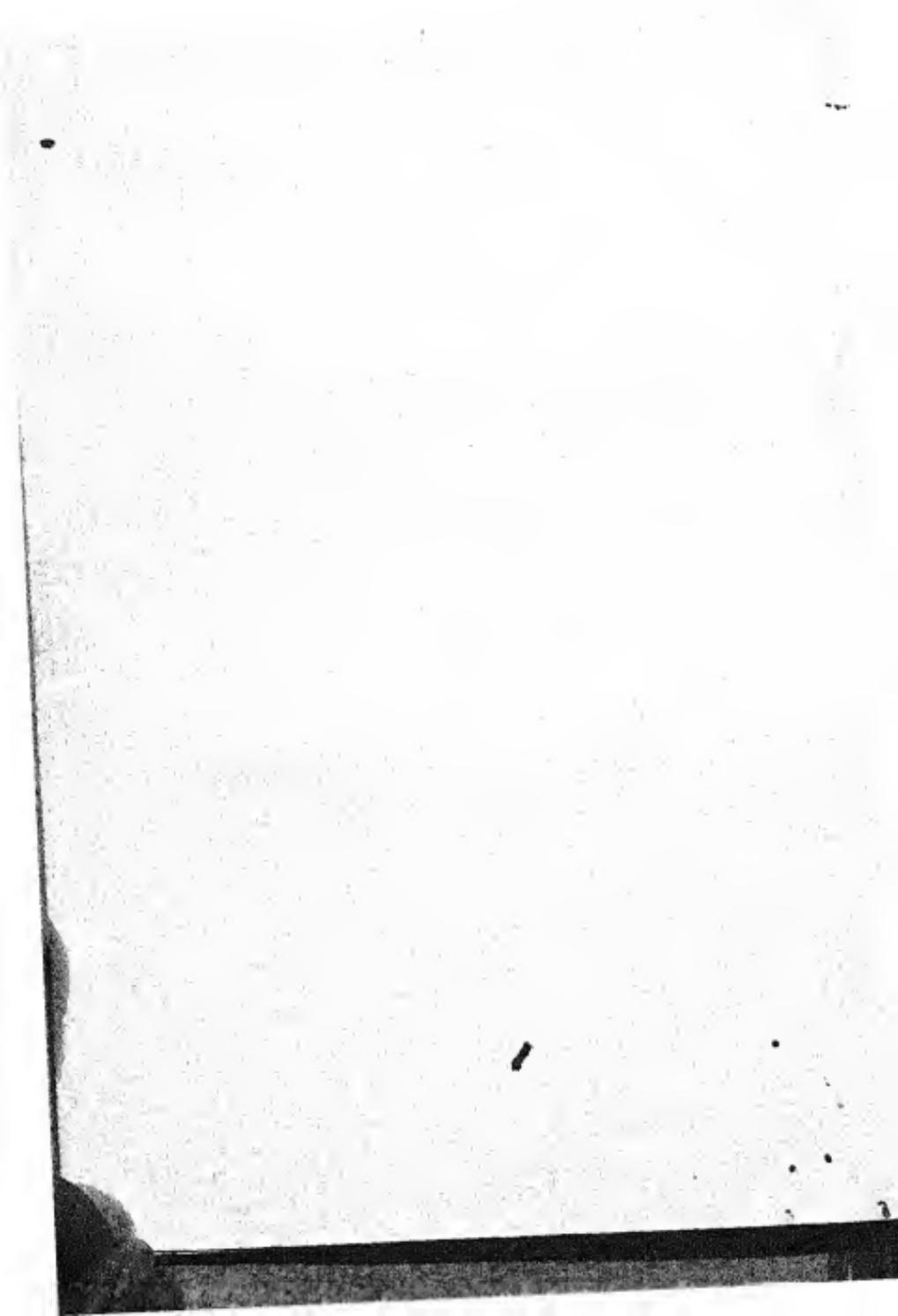
Although India is also involved in the world-slump since 1930, it cannot be too strongly emphasized that the Unemployment Problem here is not the same as in other parts of the world, because business in this country is still imperfectly organized, under-employment is chronic and the standard of living is incomparably low.

The prime purpose of this address is to call attention to the peculiar economic position of this country, to the facilities that lie around in profusion for increasing its productivity and wealth, and to the imperative need for co-operative planning and action on the part of the governments and the people concerned to make the fullest use of those facilities.

M. V.

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UNEMPLOYMENT IN INDIA

ITS CAUSES AND CURE

CAUSES OF UNEMPLOYMENT

It was in 1912, now just over twenty years ago, that I had the privilege of addressing a public audience in the Central College buildings and the principal theme of my address on that occasion was the need of a University for Mysore. Through the munificence and under the watchful eye of His Highness the Maharaja, that need has since been supplied. The Mysore University is now firmly established and is turning out hundreds of graduates year after year who are contributing to the awakening and regeneration of the people of this State and the surrounding territory.

Although an increase in the educated population of any country is always a blessing, the complaint is loudly voiced, at the present time, that a large number of graduates, both of this and other Universities in India, are without employment. As everyone knows, this is a time of unusual trade depression in many parts of the world, and India, too, is having her share of unemployment and suffering. When the President of your Union asked me to deliver an address on some topic of practical interest to the rising generation, I could think of no more appropriate subject than "Unemployment in India". The country, at the present time, is overflowing with population, competition is growing keener, the struggle for existence is becoming acute and a large proportion of the population is under-worked and under-nourished. At such a time, constructive policies for combating the unemployment evil should be in the thoughts of everyone,

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and, I trust, the subject chosen, however feeble may be my exposition of it, will appeal to you on account of its intrinsic importance. I will divide this address into four parts :—

- (1) Causes of Unemployment—Present Economic Situation.
- (2) General Remedies.
- (3) Three Specific Remedies.
- (4) Inferences and Recommendations.

THE UNEMPLOYMENT PROBLEM

The unemployment problem, in its present acute form, has arisen in India from two, or rather, three causes. One is temporary, attributable to the world-wide disturbance of economic order since 1929 due to mal-distribution of the world's gold supplies, failure to meet War debts, uneven production and high tariffs. A second cause is the rapid growth of population in India after the War, and a third one, the defects

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and disabilities under which this country has been labouring for a long time past.

Happily, there has been no severe drought or famine over any large part of the country within the past thirty years and the present generation has been spared the gruesome scenes of mortality and suffering witnessed over wide areas in the last quarter of the nineteenth century.

The agricultural population has regular employment for four to six months and has a holiday for all practical purposes for the rest of the year. The farmer's income and his standard of living could be considerably raised, if arrangements existed to provide him with employment in cottage and rural industries during the months in which he has no farm-work or when farm-work is slack.

Till about five and twenty years ago, young men, who passed out from schools or graduated from Universities, easily found employment in public offices and business

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houses. At the present time, the supply of such men is greater than the demand. A large number of educated persons, including many who have graduated in foreign Universities at great expense, are unable to find employment.

Generally speaking, the middle-class population, to which the educated men of this country belong, is suffering most from lack of employment. The working classes were fairly well off for a time owing to rise in wages during and after the War. Till about the year 1929, they could readily obtain employment and earn fair wages. Since then, the fall in the prices of primary products has reduced their wages and purchasing power and their condition also in congested areas is far from satisfactory.

According to the statistics published by the League of Nations, the unemployed population in European countries and the United States of America at the beginning of this year numbered about 20 million.

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Possibly, in all these countries, the total number suffering from unemployment and short employment may not be less than 50 million. The statistics of employment, production, etc., in this country are defective which makes it difficult to get a true picture of its affairs. No data are maintained of industrial establishments which employ less than 20 persons and no estimates are forthcoming of the value of products or income from agriculture, industries or other occupations. A rough estimate puts the number of unemployed in India at 40 million and the total number of persons suffering from insufficient food, clothing and shelter, even judged by the low Indian standards, cannot possibly be less than a hundred million.

UNBALANCED OCCUPATIONAL STRUCTURE

The proportion of population, which derives its support from agriculture and allied and subsidiary occupations in India, is about 73 per cent. The corresponding

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percentages in other countries, in recent years, have been :—

United Kingdom	10·0
United States	..	..	22·0
Germany	..	..	30·5
France	..	..	38·3
Canada	..	..	35·0

These figures show that the pressure of the population on the soil in India is excessive, there being about twice as large a number of persons engaged in agriculture as are to be found in countries in which agriculture and industries are more evenly balanced.

The proportion of population which derives its support from industries in India is about 11.2 per cent, the corresponding percentages in other countries, in recent years, being :—

United Kingdom	39·7
United States	29·3
Germany	38·1
France	31·2
Canada	26·9

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The actual number of adult workers in India perhaps forms only about 4 per cent of the population. The number engaged in organized industries, for which official statistics exist, is about 1,500,000 or only 0.5 per cent.

The chief point brought out by this comparison is that in each of the countries named the percentage of population employed in the agricultural group has been decreasing in pursuance of a policy of industrialization, while in India it has gone on increasing owing to the absence of such a policy.

Within the past twenty years the population of India has increased by about 38 million. The population dependent on agriculture has increased, but there has been no visible increase in production or occupations. Regarding this phenomenon, in a recent address before the Rotary Club, Calcutta, the Editor of *Capital* remarked that "so vast an increase of population in so

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short a period cannot occur without suffering a decline in the average income and standard of living".

The following table indicates in a rough way the *per capita* income from industries and agriculture, respectively, of five of the most progressive countries of the world as compared with India :—

ANNUAL INCOME.

Country	From Indus- ties	From Agriculture	Total
United States of America ..	Rs. 1,300	Rs. 286	Rs. 1,586
Canada ..	Rs. 1,047	Rs. 464	Rs. 1,511
United Kingdom	Rs. 808	Rs. 80	Rs. 888
Sweden ..	Rs. 384	Rs. 129	Rs. 513
Japan ..	Rs. 120	Rs. 85	Rs. 205
India ..	Rs. 13	Rs. 67	Rs. 80

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India's income from industries may be taken at about one-fifth of that from agriculture, whereas the corresponding income in Great Britain, for instance, is about ten times that derived from agriculture. Although the United States and Canada hold a dominating position, so far as food products and raw materials are concerned, their main source of wealth lies, not "in their fields, forests and mines but in their factories".

The *per capita* standard of living depends on the country's total production or income. If production increases, the standard of living will increase with it. If population increases while production remains stationary, the average citizen will have less and less to live upon. And this is the position of India at the present time. A large increase in production is necessary because existing standards are too low for decent human existence and population is growing rapidly in relation to income.

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In most estimates, published by economists, you will find that in regard to divisible wealth *per capita*, India ranks lowest of any country in the world; only one country, China, is competing with India for that position. The population of the country has been growing without any corresponding growth in income. Competent observers have remarked that the village population in many parts of the country lives on food often insufficient and of poor quality, and the child mortality is excessive. The average duration of life in India is only about one-half of what it is among the more prosperous nations of the West.

IMPORTANCE OF INDUSTRIES

Between eighty and ninety years ago Great Britain had attained a leading position in industrial pursuits and production, chiefly by the use of steam as a motive power and by enterprise in navigation and

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overseas trade. Seeing how rapidly Great Britain was building up wealth through industries, Continental nations like the Germans, French, Belgians and Swedes began to emulate her example and industrialized their respective countries. The United States of America followed next; then came Canada and Japan. All these have made considerable progress in building up industries and substantial additions to their income and wealth. The principal nations of the world are all so eager to promote industries and manufactures that the term "industrialism" has come to be regarded as synonymous with civilized existence. Industrial life connotes production, wealth, power and modernity.

In the midst of these world activities India, having practically stood still, is growing weaker in resource as compared with several of the advanced countries of the West and Japan. At one time in the last century India exported cotton textiles,

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steel and sugar to England and Europe. Now she is importing the self-same products from these and other countries and paying for them from Rs. 50 to 70 crores a year. In 1898, while on a visit to Japan, I noticed that cotton piece-goods and yarn were being supplied by the Bombay mills to Japan and a fair number of Indian merchants found employment in that trade in the two principal ports of Kyoto and Yokohama. At present, the process is reversed and Japan is exporting those same goods into India.

Agriculture is a necessary industry in every country, but *no nation in modern times has grown rich from agricultural pursuits alone.* In India the pressure of the population on land has been growing steadily and, under the primitive methods of cultivation still practised, the economic law of diminishing returns has begun to operate. The Montagu-Chelmsford Report characterizes agriculture in India as a

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precarious occupation. There is no profit to be made from it and the indebtedness of the peasantry is growing. A comparison of the census figures between 1911 and 1931 shows that, while Western nations and Japan have been concentrating on industries and trade, India has been growing more and more predominantly agricultural.

In spite of her vast agricultural resources and the enormous increase in population, the rural population of the United States of America has remained practically stationary since 1900, but nevertheless, on account of the adoption of machinery and rationalization methods, the production from agriculture has gone on increasing. It is on record that since the World War, farm production in the United States of America has increased 50 per cent more rapidly than population.

In the year 1900, the income from industries in the United States was about equal to that from agriculture. But since 1900 that country has so developed and

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expanded her industries that in a normal year the value of industrial products is about four times that derived from agriculture. Similarly, it is on record that Japan increased production from industries from one billion yen in 1914, that is, before the War, to nearly seven billion yen by the year 1926.

These instances bear eloquent testimony to the predominant position industries occupy in the economic life of every progressive nation and how much India has lost in recent years by inattention to industrial development.

✓ FAILURE OF PROVINCES TO SOLVE PROBLEM

The Legislative Assembly raised a debate on this subject in January 1926. The Government of India, in a Circular issued in the month of August of that year, forwarded a copy of the debate to the Provincial Governments and remarked that "such remedies as might be found practicable

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were remedies which only local Governments and, more particularly, the transferred sides of local Governments, could apply". At the same time, the Circular stated that the Central Government never intended to minimize the gravity of the problem which they believed to be one of increasing urgency and importance but they did not consider there was any need then for a Central Committee which the Assembly had recommended, and contented themselves by asking that the problem should receive most careful consideration of the local Governments.

Some of the local Governments went into the problem as a result of the above Circular and also in response to pressure from their local Legislatures. Prior to this, the Government of Bengal had appointed a Committee which presented its report in 1924. After receipt of the Circular, the Government of Madras appointed a Committee which reported in 1927. A Committee appointed

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by the Punjab Government issued its report in 1928. In the year 1927, the Government of Bombay collected and published certain statistics about middle-class unemployment in that Presidency.

It may be of interest to you if I referred briefly to some of the recommendations made in these reports.

The Committee of the Madras Government remarked that unemployment of whatever section or society was a complex evil which arose from many causes and the bringing about of a change lay in the hands of the public at large. They suggested that steps should be taken to popularize agriculture as a means of livelihood, but they thought that there was no single panacea for the evil and that its remedy will have to be comprehensive and its scope all-embracing and will require a length of time to operate.

The earlier report of the Bengal Committee was strongly of opinion that the

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progress of the country depended on intensive industrial development. They made several concrete recommendations of a practical nature, such as, the starting of farm colonies, industrial banks, and extension of technical and practical education. They thought that in an ideally balanced development, technical training and economic progress should proceed forward together, each being stimulated in turn by the other. They ended by saying that, though the question of the general economic development of the country was of the very highest importance, it was beyond the scope of their work.

The Punjab Committee made several statements of a general nature, namely, that the present system of education produced men fit mostly for clerical occupations, that unemployment was due largely to extension of education in classes which previously did not aspire to Government service and that facilities for higher education should

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be provided only for the markedly able young persons, if poor, and for those who can pay its full cost and so on. And they concluded with the comforting observation that there was no unemployment worthy of mention except among the educated classes, whose education had been purely literary.

One Member of that Committee, however, recorded a note of dissent in these arresting words :—

"It is in the matter of industries, however, that much can be accomplished by Government initiative. The industries have not so far received the amount of attention which they should deserve. Arrangements for imparting industrial and technical education are wholly inadequate."

Incidentally it may be mentioned that a Committee appointed by the Travancore State issued a fairly exhaustive report which recommended, among other measures, an all-round intensive development of the

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economic resources of the country on modern lines. Such development, they contended, should be the foremost aim and not, as at present, one of the various subsidiary aims of Governmental activity.

These reports dealt mainly with the question of middle-class unemployment. Men of directing ability, men who can create employment come chiefly from the middle-class where they do not belong to the ruling classes ; and the presumption is that if the problem as affecting the middle-classes is satisfactorily solved, the question of employment for the rest of the population, where it is not due to natural causes, will, to a great extent, solve itself.

The public have not heard so far that any practical action has been taken by any of the Provincial Governments on the reports submitted to them. Had the Government of India collected these reports and referred them for consideration to a Central Committee, as they originally wished to

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do in certain eventualities, it might have done some good by keeping the subject alive or prominently before the public. But they have chosen otherwise.

SUGGESTED GENERAL REMEDIES

THE Government of India Circular, already referred to, draws attention to some of the root causes, but in other respects takes up a non-committal attitude. It says :—

"The root causes were far deeper and far more complex. The educational system, the state of industrial development, the changes that are being slowly wrought in the social structure, such as, gradual disintegration of the caste system which at one time operated to prevent middle-class unemployment by restricting admission to clerical professions and, at bottom, the psychological factors inherent in the habits and customs of the people were all contributory causes for which, from the nature of the case, no Government can find a panacea."

In the first place, the statement that there are deeper and more complex causes

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at the root of unemployment is, you will agree, quite true, although not precisely in the sense intended by its authors. There are root causes for which both Government and the people are responsible. For example, the root cause of the economic backwardness of the country is illiteracy. That a community could be prosperous, while over 90 per cent of its numbers are illiterate, is unthinkable. Another root cause, according to Indian economists, is the neglect of industries to which much of the economic backwardness is due. A third one is lack of regular employment for the rural population for nearly half the year and the absence of any policy or organization to fill this vacant time of the cultivator. People have had no guidance in creating or choosing occupations and the great majority of them have, in consequence, drifted to the least remunerative of them, namely, agriculture. As stated before, the agricultural practices also are still

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for the most part primitive. India in the last century used to export various staple products, to foreign countries, but she lost one industry after another, one occupation after another, because her people neglected the use of steam and machinery, and Government policies encouraged stagnation. Free trade, for a long time, encouraged dumping of foreign goods to the prejudice of Indian industries. The control of fiscal, financial and currency and exchange policies have also been operating against the interests of the country.

The next observation of the Government of India requiring comment is that people alone can produce a change in their habits and customs. This is only partially true, because the controlling voice to effect any radical reforms is not wholly with the people. A third statement made is that change must necessarily take time. This is also only partially true, because the

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rapidity with which change can be effected in these days will depend upon the earnestness, energy and organization at the back of the attempt.

The causes mentioned by the Government of India are thus, at bottom, defects and disabilities—economic, political and social—which demand drastic remedies on the part of both the Government and the people.

In the recommendations that follow, I will endeavour to indicate the degree of responsibility which rests on the shoulders of both Government and the people and also the efforts expected from each to redress past omissions. On the constructive side, I am suggesting two sets of measures, namely:—

- (1) Raising the general level of beneficence and enthusiasm of the Departments of Government connected with nation-building activities; and
- (2) Certain specific emergency schemes which, by taking full advantage of

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existing conditions and facilities, will give a substantial increase in the national income in the shortest time possible.

These measures, in my opinion, require the most earnest attention of both Government and the people at the present time.

HELP EXPECTED FROM GOVERNMENT

From what we have seen of the Government of India Circular and the reports of the Provincial Committees, it is clear that both the Central and Provincial Governments recognize the existence of unemployment but, as remarked before, they have taken no practical action to combat the evil.

The Government of India disclaim any responsibility for the development of industries. True, they have a Department of Industries and Labour; but, for all the practical work that that Department is known to do for industries, the designation is a misnomer. In the Circular quoted, the

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Government stated that such remedies, as might be found practicable, were remedies which only local Governments could apply. But it is well known that since the introduction of the dyarchical form of government in 1920, the provinces have had no money for nation-building activities and there has been no attempt at industrial development.

There is no Government in these days which ignores its responsibility for creating employment for its people. In Great Britain itself, there is always a strong and determined personnel, both in the Cabinet and among the permanent officials, to forward the interests of industry and trade. Politics in the British Empire to-day are almost entirely concerned with trade and industries. In the United States, President Hoover has remarked—It is obviously the function of Government “to recruit and distribute economic information, to investigate economic and scientific problems,

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to point out the remedy for economic failure or the road to progress, to inspire and assist in co-operative action" to the end that the economic interests of the nation may be promoted. As a result of this policy, the Finance Reconstruction Corporation of the United States has lent \$1,219 million to trade institutions from February 1 to July 31 of the current year. The German Cabinet has adopted sweeping proposals for reviving industries and absorbing the unemployed. The latest budget provision is for about £100 million which, Herr von Papen, the Chancellor, said, should be risked to re-invigorate industry. The measures the Cabinet has adopted for the rehabilitation of Germany provide *inter alia* for aids to hard-hit industries, such as, building and shipping and revival of private industry. The Premiers of the Federal States of the Australian Commonwealth have agreed upon a three-year plan for unemployment relief, involving an

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expenditure of £15 million. In the Irish Free State, President deValera, introducing an emergency estimate for £2 million in the Dail in furtherance of his economic policy, stated that his Government was seeking new markets and possibly would have to establish new industries. Lastly, in Soviet Russia, according to Lord Lothian, there were no unemployed last year, although two years before that there were 1,700,000 persons without employment. This is evidently because the country has embarked upon an aggressive campaign of industrialization, collective agriculture and abolition of illiteracy. Japan owes its present state of development primarily to the efforts of a paternalistic Central Government. Official commissions have been appointed to investigate the condition of industry, to survey the resources of the country and to devise methods of encouraging the development of manufacturing. In a recent book, the author Mr. John

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E. Orchard, presumably an Englishman, remarks that industrialization is regarded in Japan not only as a solution of the population problem but as a key to the future of the country.

If the Government of India abandons its present attitude of unconcern and embarks upon an aggressive and progressive industrial policy, it can do much to rehabilitate the country's economic life. First and foremost, it should carry out a survey of the country's resources and collect and publish statistics of production and occupations to throw light on the present state of industry and trade. The people should be advised what commodities they can manufacture with profit from the raw materials, now being exported from the country, in order to provide work for local labour. Statistics should be maintained in sufficient detail for each provincial government to know what the assets and income of the province are in order to assure itself

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that the people under its protection are earning enough to maintain a decent living. Such statistics should be the basis of all economic policies and they should be passed under review at least once a year.

The most powerful help which any Government can give to industry and trade is effective tariff protection. No more practical solution of the unemployment problem exists in the country to-day than a reduction of imports of goods of a kind that are or can be made in India. Protection has been given in a number of cases within the past ten years ; but if it is to result in any real growth of industry, it should be more timely, more liberal and extended over much longer periods than is done at present. The right of the country to maintain its new industries by means of tariffs should not be ignored. Men in India are out of work because they cannot manufacture goods which they used to before, and they cannot manufacture with any profit because

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they cannot compete with machine-made goods imported from abroad. Also reforms have long been overdue in the banking organization and the exchange policies of the Government of India.

EFFORT EXPECTED FROM THE PEOPLE

Government have, in their Circular, alluded to certain traditions and habits of the people which, according to them, are interfering with their efficiency as citizens and preventing a rise in their standard of earning. India has produced many men and women of capacity and genius, but the average level of efficiency is kept down by the high percentage of its illiterate population. The question is, will people consent to organize among themselves and submit to a course of self-discipline in order to increase the proportion of men and women of business ability and capacity in the community for building up an efficient, compact and well-knit nation ?

/ Restricting Growth of Population.—

I have already drawn attention to the importance of checking the rapid growth of population under the present conditions of its low efficiency and income. Population may be reduced by emigration and by late marriages ; but the more modern and effective method is birth control. The Indian birth rate is higher than that of most European countries. Every now and then we come across a person who, by allowing himself to bring up a large family, has had to cut down comforts first, stint necessaries next and ultimately end his life in penury and distress. Individual families should be advised by a suitable public organization to keep down the number of children born within reasonable limits. Birth control is now largely practised in civilized countries and it is not unknown in India. If adopted more extensively, it will help to reduce misery in individual families and raise the general standard of living.

Training the Individual.—

Training in the household, through the head of the family, to promote individual efficiency should become a regular feature of Indian life. Character, capacity for work, discipline, initiative, enterprise and the habit of saving are all qualities which the young should imbibe from lessons imparted in the family. Heads of families should place in the hands of young persons tracts and leaflets which teach self-help and self-discipline. It should become a recognized practice in the country for the vast majority of adult population to regard it a duty to devote about eight hours a day to some gainful occupation or other. Every adult person who works, that is, who is not idle, will be thus doing his bit to reduce poverty and increase the efficiency of our people.

The admission of women to many occupations, now restricted under unwritten social laws to the male population, should

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no longer be withheld. The brunt of productive work in the country at present falls on men, women being assigned to inferior occupations or left to remain idle. If the country's total output of work is ever to be satisfactory, women should do their fair share. You are aware that in Germany, Great Britain and the United States women serve in various professions and in various capacities, many of them in addition to their day-to-day domestic duties. In Soviet Russia, we understand, millions of women are making their way to offices and factories. Some are engineers and journalists and some are even employed in the Army.

Every ounce of energy that we can find in the people should be utilized to increase the working force of the nation.

Training for Collective Effort.—

The average citizen requires training in co-operation and team work. Large

achievements in these days depend upon organization and mass action. Individuals are powerless. The chief characteristic needed to promote team work is trust. Trust depends upon confidence, confidence upon character. The qualities required to manage effectively a public association or to administer a large business in co-operation with groups of individuals are well known and the practices connected with such management are more or less standardized in Western countries. In the best circles the work is distinguished by strict rectitude of conduct, discipline of a high order and dynamic energy. These characteristics should become common property among us and the most effective way to spread them is to study international equipment and characteristics connected with public work and watch the zeal and capacity with which public objects are pursued in countries like Great Britain, the United States and Japan.

New Direction to Education.—

The Universities and educational institutions in this country should prepare men and women for the business of life. They should give a practical turn to the learning they impart in order to correct certain known tendencies which are unfavourable to progress. They should give special attention to extend instruction in scientific agriculture, engineering and chemical technology and higher commerce, in order to prepare managers, experts and specialists for the business of the country. The Universities can also help agriculture, industry and trade by undertaking research in those subjects. I have long complained that the Indian Universities have been unmindful of their duty towards the bread-winning occupations. So long as the people are desperately poor, there is no reason why the education of the country should not be largely vocational and why compulsory and adult education should not be vigorously

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advanced. Continuation schools and classes of the Continental type are needed to prepare young persons for occupations.

✓ Recently a correspondent from Peking wrote to *The Manchester Guardian* of the radical changes which are being introduced in the Chinese educational system. According to him, a Bill is under the consideration of the Nanking Government which provides that "from the beginning of the next academic year all Government Universities and Colleges should cease temporarily to accept new students for law, literature and arts courses. Emphasis should instead be placed upon instruction in agriculture, engineering and medicine with a view to providing the country with the technical experts required for its industrial development." This indicates the trend of feeling existent to-day in a nation that is anxious to forge ahead. Many of us have been looking forward to a vigorous lead in this respect by some at least of our younger Universities.

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I HAVE explained the nature of the help expected from the Governments—Central and Provincial—and the radical reforms to be effected in the working habits, discipline and industry of the people in order to increase their working capacity and, through that means, their national income and prosperity. But this is a work of time and, in the ordinary course, progress is bound to be slow.

But progress can be speeded up in certain directions, especially those in which there has been neglect in the past. The Government of India have stated that, although relief of unemployment is a work of time, measures to alleviate the evil should not be ignored. The Government of Japan educated its people and industrialized the country by forced marches.

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Soviet Russia is doing the same at the present time by even more novel and quicker methods under its Five-Year plan. Some such move is necessary in India to make up to some extent for lost time and neglected opportunities.

With this view, three emergency schemes are suggested in order to increase production and enlarge employment. These are :—

- (1) *Rapid Industrialization* by multiplying factories and industrial establishments.
- (2) *Rural Reconstruction* by increasing production from agriculture and from cottage and home industries in rural areas by the co-operative effort of the people.
- (3) *Establishment of Practical Training Institutions* to provide the last stages of precise knowledge needed for the practice of callings connected with industry and agriculture,

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for educated youths and adult business men.

Scheme No. 1. Rapid Industrialization.—

The object of this proposal is to increase or multiply the number of industries and industrial establishments in the country and work them with local labour. If a large number of these are successfully started and operated, they will give employment to our workless population and at the same time reduce the money which is going out of the country year after year to pay for the manufactured products imported.

It is needless to state that any move on the part of the Government of the country to launch a vigorous policy of industrial advance, in co-operation with the leaders of the people, will be enthusiastically welcomed at the present time.

For our present purpose, industries may be considered under three classes :—

Minor industries including cottage and home industries ;

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Medium-scale industries requiring a capital outlay of, say, from Rs. 1 lakh to Rs. 30 lakhs;

Large-scale basic industries like cotton mills, machinery industries, automobiles, etc., requiring a capital outlay exceeding, say, Rs. 30 lakhs.

The limits of capital here given are arbitrary and are mentioned only for purposes of illustration.

Minor Industries.—It is easy to spread and develop minor industries rapidly in both urban and rural areas. People are used to them already; only the methods are in many cases primitive, even though machinery itself may be modern.

The scheme I have in view for minor industries is somewhat like this:—

The country should be divided into units of area, each containing about 1,000 houses or a population of 5,000.

In the first year, the statistics of existing industries should be collected including the

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quantities of products and their value and of the number of persons employed in them. Thereafter at the end of each year, similar information should be obtained and recorded and progress reviewed.

What new industries can be started and how old ones may be kept efficient or extended, should be under constant study in the locality.

A council of representatives consisting of business men and experts, as far as available, numbering from 7 to 12 persons, and elected by heads of families in the area should take all measures necessary to energize the population and mobilize local resources to keep industrial activity proceeding at top speed.

A review and statement of progress should be prepared at the close of each year by the said council.

Associations, municipalities, village *panchayats* and other bodies, both public and private, should encourage the establishment

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of industries in their midst by granting suitable concessions and facilities.

The chief requirements in starting an industry are management, money, markets, men, material and machinery. The first two, namely, men of directing ability and integrity for management, and the supply of capital are the two most important needs to begin an industry. The public of each locality should be on the look out for such men and for sources of capital. The rest will present little or no difficulty in this country.

Medium-scale Industries.—To increase the number of industries of this class, which will be generally managed by companies working on the joint-stock principle, the provincial governments concerned should, through their respective Departments of Industries and other officers, gather information, facts and statistics regarding them. A survey should be made of the resources available in the way of raw

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materials, power supply, markets, etc., for establishing new industries. Business men should be invited by public advertisement to suggest schemes in which they may be interested. Chambers of Commerce and Industrial Associations should be also requested to gather similar information. Where possible, Government may engage local and foreign experts to travel through the province, consult local business men and moneyed and influential men and submit to Government preliminary proposals for new industries which, in their opinion, may be developed with profit.

If a systematic investigation is set on foot in this way, it should be possible in almost every province to discover, in the course of a single year, at least half-a-dozen schemes fit for serious consideration.

Thereafter will follow a close scrutiny of each scheme by a provisional committee or directorate of persons most interested in it and also by experts. The preliminary

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expenses should be shared partly by Government and partly by the people interested.

Before any scheme is finally sanctioned for execution, the capital cost and operating details of similar schemes actually existing in this and other countries should be closely studied, and it should undergo scrutiny at the hands of at least two sets of advisers who have considered it independently.

Large-scale Industries.—Large-scale industries and manufactures should be pioneered by groups of business men and financiers with the active support in money and advice of the provincial governments. These will include key industries like textiles, steel, machinery and pumps, electrical plant, automobiles, chemical industries and railway machinery and plant.

When provincial governments in this country become autonomous, the representatives of those governments should meet in conference and every provincial

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government should take upon itself the responsibility for pioneering, through its business men and otherwise, two or three of these industries. The provincial governments should, where necessary, take financial risks in co-operation with business men and make sacrifices for 5 or 10 years at the commencement. If this policy is adopted, the preliminary losses will be spread over a large number of provincial governments and the burden will not be felt. In this way, almost all the basic industries named can be established in five to ten years' time.

It is in the initial stages, usually during the first fifteen or twenty years, that the money resources and organizing power of the provincial governments will be needed. After that, industries will look after themselves with the customary help similar to that usually given in the Dominions in regard to tariff protection, banking, etc.

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There is some misapprehension in certain influential circles that only such industries should be started as are likely to pay dividends from the very start. They fail to recognize that there is an element of speculation in almost every industry and it is only those who venture that win. It should not be forgotten, too, that even in an industrially developed country like the United States, statistics show that, in some years, out of a hundred concerns started, only about sixty survive.

Scheme No. 2. Rural Reconstruction.—There is no agricultural policy in India to stimulate production by Western methods, that is, methods which have for their constant aim the eliminating of wastes and the cutting down of costs of production. The object of the rural reconstruction scheme is to increase production and income by co-operative effort and modern methods. The principal characteristics of the scheme are :—

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The country should be divided into unit areas—each holding a population of about 6,000 inhabitants. In the first year, statistics should be collected house by house and an inventory taken of the total production of the village from agriculture, industries and service. At the end of every year, similar information should be collected and recorded. The total production and income of the village from year to year should be exhibited in the village *chandi* or hall.

The agency to carry on this work will be a village council of 7 to 12 members and a headman elected by an association consisting of all the heads of families in the village or the group of hamlets constituting the unit area. This association will meet in conference about twice a year and will elect the village executive council. At these conferences, the provision of facilities for elementary education, occupational training and propaganda to

foster home discipline will all come under review.

The village council will be responsible to study the requirements and put into practice the various measures needed for increasing production and income in the area. Among the subjects which will occupy their close attention will be co-operative farming, extension of irrigation, improvement of credit facilities and supply of good seed and manure.

The scheme is based on the measures which I have seen practised in certain villages in the interior of Japan. In some villages which I visited, the figures giving the growth of production and income were recorded on charts hung up in the village halls and I gathered from these charts cases where villages had increased their income about five-fold in twenty years.

Provision is also made in the scheme for promoting certain disciplinary measures

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in each rural unit area to make, of the villager, a good worker and an efficient business man.

Scheme No. 3. Practical Training Institute.—It is proposed to start this model institution in large urban centres with a view to provide the final stages of instruction, chiefly practical, needed by young persons before entering any particular calling. It may be also attended by adult persons already in business to improve their skill in management. The institution will give the knowledge and skill required by graduates and other young persons who have completed their scholastic training and wish to obtain practice or practical hints before they enter a farm, an industry or a shop.

A short course not exceeding six months is all that is usually intended to be given at these institutions. There will be, at the head of each of these, a manager of organizing ability, assisted by a staff of

expert instructors, mechanics, farmers and accountants. If a candidate wants information or instruction not available in them, the manager will procure the same from outside and supply him. The manager may also correspond with experts in any part of India and even with firms of consulting engineers, chemists, experts, etc., in foreign countries for this purpose.

A city may have a fully equipped *Institute*, a town may have a practical training *School*, and a group of villages may jointly set up a practical training *Class*.

A city *Institute* may provide practical instruction in half-a-dozen cottage industries or in the management of a farm or the precise practical training needed by managers and accountants for the service of farming, industry or trade.

The town *Schools* will be doing similar work but of a lower standard. The village *Classes* will give instruction of a

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still lower standard required by farmers and artisans.

The Institute will also serve as an Intelligence Bureau to collect and supply information from abroad for the benefit of persons engaged in an industry or trade in the local area.

The training given will fill the gap which at present exists between the education received in scholastic institutions and the qualifications needed in order to make good in a farm, factory or shop. It will be a substitute for the slow, ill-regulated training obtainable by the fast disappearing system of apprenticeship.

In placing before you the three emergency schemes just outlined, I have left out many details and dwelt only on the general governing considerations. Should any body of business men feel interested in the schemes and desire further information, I shall be happy to amplify the same in greater detail. As some of those present

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in this audience may be aware, one of the three proposals—the Rural Reconstruction Scheme—is fully explained in a printed pamphlet issued by me last year.

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BEFORE concluding, I wish to emphasize some half-a-dozen cardinal points bearing on the subject of this address :—

After the explanations I have given, I trust, you will agree that every Government—Central, Provincial or State—should regard it as its bounden duty to create, each in its own sphere, opportunities for its people to earn a living in the most remunerative pursuits within their reach.

At present, the people earn a slender income from the humblest of occupations. Governments step in and take a share out of it. If, however, they are assisted to secure more profitable occupations, Governments will also be increasing their own revenues and resources.

Men and women, when relieved of care about their daily wants, will be able to devote more attention to cultural and higher pursuits. An agricultural population just works for its next meal, whereas an industrial one is able to find leisure for recreation and for the higher and finer things of life. Leisure for business men, who can think for their fellows, is a desideratum for any progressive nation.

A community should not be made to believe, as is often done, that to be poor or to possess a low standard of living is a virtue ; nor should it be allowed to cherish the feeling that any person can prosper without work, or can get something for nothing.

At the same time, our countrymen should not lose their old-time virtue of helping neighbours and their sympathy for the poor though help should, in these days, take a new and practical form. Giving something for nothing should be purely temporary. Every person should be assisted to get

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work and enabled, through work, to earn a living. It is enough if the leaders see that no man or woman comes to degradation or destitution for mere want of work.

No great improvements can be effected without organization. Our population, both urban and rural, should be actively encouraged by Government to organize themselves for the betterment of their conditions of life.

Lastly, the public should be warned against certain unsound economic and social theories that are spread in this country. One of the commonest is that agriculture must remain the principal occupation of the people of India ; another is that industrial development in this country must be a slow process and that the traditions and habits of the people are against it ; a third one is that because many of the Universities at present fail to give a practical bias to education, more graduates are not wanted and University education itself should be discouraged.

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All such theories tend to mislead the wayfarer at a time when he has need to conserve all his strength to reach his destination by the nearest and speediest route.

With the growth in world population and the diminution of the purchasing power of the masses, the unemployment situation is daily becoming more and more acute. Some four years ago, a Member of the British House of Commons, speaking on the floor of the House described it as the "master problem of the age". Had we, in this country, the organization and statistics usually maintained by industrial nations, they would lend colour to a realistic picture that would startle the world. How momentous the local problem is, will be understood from the fact that the increase of population in India within the past ten years, taken by itself, is equivalent to three-fourths of the entire population of Great Britain. As you may have noticed from the figures I have quoted before, the

estimated income of the average Indian is between one-sixth and one-twentieth of what it is in the leading countries of the West. We have been losing old occupations and till recently had not begun to engage ourselves in new ones. For many generations past, we have unwisely allowed ourselves to fall back on agriculture. Added to this, the public policies of the country have not encouraged the growth of occupations or accumulation of wealth. Owing to these rather unnatural conditions, a great mass of humanity is kept inefficient, under-worked and idle, and vast opportunities are being neglected. No wonder in these circumstances avenues of employment are getting narrower, and distress and gloom are spreading over vast masses of the population.

From what has been said already, Government do not appear to have any settled plans or policies to relieve unemployment. They say in effect—We are aware of the

existence of the evil, but, for the conditions which prevail to-day, the people themselves are largely responsible and no Government can provide a panacea. We do not under-rate the hardships of the people, we know their lot is hard but we have no remedy.

The hesitation of the Government of India to go into the question is probably due to a feeling that it is unwise to raise public discussion on such a vital subject when the country is in a state of political ferment.

I may here add that, in any remarks that I may have made in the course of this address regarding the attitude or action of the Government of India, it should be understood that my criticisms apply to the constitution and system of government as it exists at present and not to its personnel.

I have discussed the basic causes of unemployment not only from the *a priori* standpoint but also from the example of

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foreign countries which have successfully followed the policies here advocated.

If what I have stated is true—and every statement I have made is supported by facts and the experience of modern nations—you will agree that a case for reform has been demonstrated and the time has arrived to mobilize the activities of our people and build up their economic strength. Unless we choose to remain confirmed fatalists, as our predecessors are said to have been, the situation is menacing enough to rouse the most conservative government and people to instant action.

My own recommendations, as you will have seen, fall under two categories: one is to create general conditions in the country favourable to the growth of occupations and production; and the other, to carry out certain emergency schemes to secure whatever increase can be speedily obtained by special measures. The first of these

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prescribes for the general health of the patient and the second for curing two or three obstinate maladies which are rapidly wearing down his strength.

I have set forth recommendations based on my personal experience as well as on what I have heard and witnessed in foreign countries. I have done this to suggest a definite course of action in the practicability of which I have full faith. I should welcome any other scheme or course of action if it serves the same purpose. If only there is scope for action, even an imperfect scheme will do much good in the present state of the country.

The main thing is, if we are to banish unemployment, we should look to a very large increase in production through the exertions of the people themselves. As large a number of the population as we can should be mobilized and put to work. To meet the new situation, new plans and new policies will have to be devised and,

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before everything else, a new adjustment will be called for of the basic conditions upon which the Government of the country has hitherto rested. Whatever may have happened in the past, if a time comes, when both Government and the people are able to work with one accord, there is no reason to be pessimistic about the future. We are promised a free constitution and we must look to it, when established, to put an end to the eternal conflict of policies and plans that has been going on between the Government and the people. A proper understanding and common policies, which the new constitution is to bring about, ought surely to pave the way for the reinvigoration of industries and readjustment of occupations and for all the employment which the people need.

For the attainment of community benefits or realization of large schemes for economic betterment, single individuals, working by themselves, can achieve very

little. Success will depend upon the extent to which people learn to forget petty differences and animosities, come closer together and carry on an intensive campaign, by group action, and measure the results of their work and propaganda from time to time. For instance, if you, in Bangalore City, wish to develop industries or higher commerce or to liquidate illiteracy or spread correct views of present-day economic tendencies, with all of which, as you know, your interests are intimately bound up, an organization, agreed plans and policies, followed by an intensive campaign for funds and co-operation, would be needed in each sphere, till industry, trade, education and enlightenment get a real start and each is raised to a standard of activity when it becomes self-improving.

More scholars are undergoing training in our Universities than ever before. Their number is larger to-day than is to be found in any single European country

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or Japan. Other professional and lower grade institutions are also turning out men equipped with skill and ability in large numbers. If many of these persons, who feel they have the capacity for direction or the urge for enterprise, are induced, each in his own sphere and in co-operation with the people around him, to build up units of business—a farm, a factory or a shop—not on primitive or traditional lines, but by modern organization and up-to-date methods, we shall have begun an effective campaign to solve the problem. Why should not some of the educated men, now without employment, make an attempt to start these concerns assisted by the community in their neighbourhood and thereby build up business for themselves and the community? After such constructive work makes some progress, it will not be the major occupations of industry, agriculture and trade alone that will give employment. Opportunities will be opened up in the



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realms of trade, transport, banking, railways, shipping and other pursuits subsidiary to production. Our aim should be to raise ourselves by work. We have abundant reserves in our natural resources and we have also, what no other country except China has, a tremendous asset in our man-power. But, for all this, political emancipation must come first and economic salvation will, follow.